

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (5/31):**

BUTTER: Grade AA closed at \$1.0950. The weekly average for Grade AA is \$1.0675 (+.0275).

CHEESE: Barrels closed at \$1.1375 and blocks at \$1.1750. The weekly average for barrels is \$1.1413 (-.0267) and blocks, \$1.1794 (-.0206).

NONFAT DRY MILK: Extra Grade closed at \$0.9400 and Grade A at \$0.9000. The weekly average for Extra Grade is \$0.9400 (N.C.) and Grade A, \$0.8850 (+.0050).

BUTTER: The butter market remains weak, despite the price upturn today. Most contacts believe that the price at the CME is running counter to the current production/supply/demand scenario. Many contacts still wonder why prices are holding above a dollar, but others do feel that there may be some industry support for the market at current levels. Churning schedules across the country were heavy during the holiday weekend and have remained heavy through much of this week. Cream demand from other uses is improving, but not yet to the point of significantly slowing butter output. Butter inventories are burdensome and buying interest is seldom better than fair.

CHEESE: The cheese market is weak. Current spot buying interest is generally light as many buyers feel short-term prospects for higher prices are limited. Even process movement is slower for a few producers. Overall, cheese production exceeds current demand and inventory is accumulating. Most plants continue to operate on schedules heavier than a year ago due to heavier milk receipts. Price weakness for cheese and whey products has led some plant operators to try to sell milk rather than accumulate additional inventory.

FLUID MILK: Class I milk use was lower over the Memorial Day weekend and additional milk supplies backed into manufacturing channels. Surplus offerings were occasionally hauled great distances to find manufacturing capacity in parts of the Southeast, California, Utah, and Idaho. Weak manufactured product prices also limited some plant operators' interest in making spot purchases to keep from building additional inventory. Some plant operators were even offering out some of their own milk. Milk shipments out of Florida next week could increase if enough trucks are available. Plants were operated on extended schedules during the holiday weekend and many were still not caught up in the Northeast and South at midweek after the holiday. In the upper Midwest, supplies were long, but many plants were returning to regular schedules by midweek. Class I use is also lighter after the weekend where additional schools have closed for the summer. Current milk intakes are higher in the Southeast, Northeast, and parts of Utah and Idaho. Receipts are lower in parts of the Southwest, and infrequently, in sections of the Midwest. Most Midwestern locations are about steady.

DRY PRODUCTS: The NDM market is weak with plant inventories balanced by continued heavy clearances to CCC. Production at most plants was heavy over the Memorial Day weekend. Dryers were operated at capacity in the East and Southeast and schedules

were heavier in the Central and West. Some fluid was forced to move great distances just to find dryer time. The buttermilk market is uneven, ranging from weak to steady. Improved seasonal demand for condensed buttermilk from ice cream accounts partially offset larger supplies from increased churning. In instances, producers had to make dryer time for buttermilk. The whey markets are weak and prices are steady to lower. Production was heavy over the holiday weekend and seasonal levels of milk and cheese production are keeping dryers active. Export interest is light and more competitive. Spot domestic interest in whey is insufficient to clear current output. Offerings to feed accounts are heavy with buying interest on an as needed basis. WPC and lactose are both weak markets. Inventories are heavy. Current demand is often lackluster.

CCC: For the holiday abbreviated week of May 27 - 31, CCC purchased 22,517,851 pounds of NDM. A total of 2,031,261 pounds originated from the East, 2,073,773 pounds from the Midwest, and 18,412,817 pounds from the West.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first quarter of 2002 totals 40.7 billion pounds, 0.7% above the same period in 2001. Comparing disappearance levels with year earlier levels: butter +9.5%, American cheese -2.7%, other cheese +0.8%, NDM -25.7%, and fluid milk products -1.2%.

CONSUMER PRICE INDEX (BLS): The April 2002 CPI index for all food is 176.2, up 2.5% from April 2001. The dairy products index, at 168.7, is up 3.2% from a year ago. The following are the April to April changes for selected products: fresh whole milk up 0.5%, cheese 5.5% higher, and butter up 7.4%.

MAILBOX MILK PRICES (AMS): In January 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$13.34, \$0.13 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas except Idaho, Illinois, and Northwest States, and ranged from \$15.81 in Florida to \$12.34 in Idaho. In January 2001, the Federal milk order all-area average mailbox price was \$12.97, \$0.37 lower. In February 2002, mailbox milk prices averaged \$12.91, \$43 less than the figure for January. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$15.34 in Florida to \$11.77 in Idaho. In February 2001, the Federal milk order all-area average mailbox price also was \$12.91.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the May 2002 prices under the Federal Milk Order pricing system: Class II \$11.29 (-\$.059), Class III \$10.82 (-\$.03); and Class IV \$10.57 (-\$.052). Product price averages used in computing Class prices are: butter \$1.0525, NDM \$0.8972, cheese \$1.2359, and dry whey \$1.759. The Class II butterfat price is \$1.1503 and the Class III/IV butterfat price is \$1.1433. Further information may be found at: <http://www.ams.usda.gov/dyfmoms/mib/classprcncnmt.pdf>

*****SPECIAL THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY MAY 27	TUESDAY MAY 28	WEDNESDAY MAY 29	THURSDAY MAY 30	FRIDAY MAY 31	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	H	\$1.1525 (-.0175)	\$1.1375 (-.0150)	\$1.1375 (N.C.)	\$1.1375 (N.C.)	(-.0325)	\$1.1413 (-.0267)
40# BLOCKS	O	\$1.2000 (N.C.)	\$1.1675 (-.0325)	\$1.1750 (+.0075)	\$1.1750 (N.C.)	(-.0250)	\$1.1794 (-.0206)
NONFAT DRY MILK EXTRA GRADE	L	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	\$.9400 (N.C.)	(N.C.)	\$.9400 (N.C.)
GRADE A	D	\$.8800 (N.C.)	\$.8800 (N.C.)	\$.8800 (N.C.)	\$.9000 (+.0200)	(+.0200)	\$.8850 (+.0050)
BUTTER GRADE AA	A Y	----	\$1.0400 (+.0100)	----	\$1.0950 (+.0550)	(+.0650)	\$1.0675 (+.0275)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY
HOLIDAY

TUESDAY, MAY 28, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 3 CARS BARRELS: 1 @ \$1.1525, 2 @ \$1.1700
NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.9000

WEDNESDAY, MAY 29, 2002

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.1675; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS BARRELS: 1 @ \$1.1375, 3 @ \$1.1400, 1 @ \$1.1500, 2 @ \$1.1525; 4 CARS 40# BLOCKS: 1 @ \$1.1700, 1 @ \$1.1850, 1 @ \$1.1950, 1 @ \$1.2000
NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE A @ \$0.9000
BUTTER — SALES: 12 CARS GRADE AA: 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0525, 1 @ \$1.0500, 1 @ \$1.0425, 1 @ \$1.0400, 1 @ \$1.0350, 2 @ \$1.0325, 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0350; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.0400, 1 @ \$1.0200, 1 @ \$1.0000; OFFERS UNCOVERED: 3 CARS GRADE AA: 2 @ \$1.0500, 1 @ \$1.0600

THURSDAY, MAY 30, 2002

CHEESE — SALES: 5 CARS 40# BLOCKS: 2 @ \$1.1700, 1 @ \$1.1675, 1 @ \$1.1650, 1 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
NONFAT DRY MILK — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MAY 31, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
NONFAT DRY MILK — SALES: 5 CARS GRADE A @ \$0.9000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
BUTTER — SALES: 14 CARS GRADE AA: 1 @ \$1.0425, 1 @ \$1.0450, 1 @ \$1.0475, 1 @ \$1.0500, 2 @ \$1.0600, 1 @ \$1.0650, 1 @ \$1.0700, 1 @ \$1.0800, 4 @ \$1.0900, 1 @ \$1.0950; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.0750, 1 @ \$1.0550, 1 @ \$1.0400; OFFERS UNCOVERED: 2 CARS GRADE AA: 1 @ \$1.1000, 1 @ \$1.1100

NORTHEAST

The market tone is weak. The butter price at the CME has been on a roller coaster ride since late March. Prices have risen and fallen between the low \$1.20's and \$1.0250. There seems to be support for the market at a price just above a dollar. However, growing inventories and continued strong output have many contacts wondering how long prices will stay above a dollar. Churning activity in the East is little changed and may have been heavier during the long Memorial Day weekend. Bulk and packaged butter supplies remain excessive. Demand is seldom better than fair as buyers see no reason to buy too far ahead. Packaged sales at retail are slow to fair, at best. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

Butter markets remain weak. The AA price at the CME declined 6.75 cents last week, but did rebound a penny in today's (5/29) trading. It is uncertain what this increase is "saying" to the market as a whole, but it is not indicative of the current supply/demand situation across the country. Producers indicate that cream offerings remain plentiful. The Memorial Day weekend saw milk and cream volumes increase sharply throughout the Midwest. Butter makers were running full out and taking advantage of some relatively low-cost cream. In some areas, demand for cream from Class II or III channels is improving which is tending to ease the pressure on local churns. Stocks of butter remain excessive of the slow demand. Retail sales are slow to fair unless featured. Food service orders are fair.

BUTTER MARKETS

Bulk butter for spot sale is selling in a range of flat - 2 cents per pound over various pricing basis and often these prices are negotiable, especially if multiple loads are involved.

WEST

Most contacts feel that prices below \$1.05 at the cash CME market are more realistic than prices above that level. Butter production over the past week has been extremely heavy as surplus milk offerings have been burdensome. Some milk has had to move over three states to find a manufacturer willing to accept the load of milk. Ice cream plants continue to take only light volumes of cream for this season of the year. Weather conditions are being used less as an excuse for this occurrence and more contacts are pointing to the use of various types of substitute products. If this is the case with these low butter/cream prices, this may turn into a long run problem. Butter sales are fair, but the very high retail prices compared to the low wholesale prices are causing more concern among butter producers. The import issue for butter seems to be a little less vexing for domestic producers as reports come in for the first four months of the year. Quota imports stand at 4.6 million pounds and are down about 33% from the same period last year. About 30% of the annual quota of 15.3 million pounds has been filled. High-tier imports lag last year by almost 17% and total only .7 million pounds. CME weekly butter stocks increased by another 5.1 million pounds this week to total 141.7 million pounds. Stocks have never before grown this fast this late in the year. Most years, stocks are coming back out of storage for current needs by this time. Current prices for bulk butter range from 5 cents to 3 cents under market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
MAY 25	1.1975 6,350,367	1.1847 12,743,463	0.8995 29,527,582	1.0459 4,177,290	0.1664 12,358,865

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are steady to higher, but the market tone is generally weak. Cheese production is seasonally heavy, demand is easing, and stocks are building at more plants. Milk supplies were very heavy during the holiday weekend and some plants will not get caught up until late this week. There are reports of some producers reducing the number of days per week that they are making cheese. This is in an effort to balance orders with output. Retail demand is just fair. June Dairy Month promotions are expected to help sales, but contacts note that this promotion doesn't have the impact it once did. Distributors are a little more active this week as they have a short workweek. Eastern Shore businesses are open and taking more cheese now that summer is "officially" here.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2625-1.7275
Cheddar Single Daisies	:	1.2200-1.6800
Cheddar 40# Block	:	1.3400-1.5500
Process 5# Loaf	:	1.3775-1.5625
Process 5# Sliced	:	1.3975-1.6750
Muenster	:	1.4225-1.6300
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is unsettled to weak. Many buyers are limiting current purchases to replacement needs as they feel prices are not likely to increase in the short term and could yet decline. Also, buyers are analyzing holiday weekend movement. Current offerings are at least adequate for needs. Between traditional mozzarella, non-traditionally made mozzarella, and pizza cheese, offerings are burdensome and milk has been diverted into other varieties or production schedules reduced. Swiss demand is steady to occasionally improved. Process movement is moderate with barrels adequate to a few loads long. Good processing solids continue tight and/or held with confidence. Some attractive prices are noted on industrial sized cream cheese packages. Cheese production was heavy over the holiday weekend. A few plant operators are thinking that they may have passed their annual peak, though a bounce is still possible as weather conditions turn seasonal.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3875-1.6100
Brick And/Or Muenster 5#	:	1.5500-1.7600
Cheddar 40# Block	:	1.5100-2.1150
Monterey Jack 10#	:	1.7400-2.1150
Blue 5#	:	1.9425-2.2800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5050-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9175-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	MAY 27 - 31, 2002
BARRELS*	:	\$1.1475 - 1.1775 (NOMINAL)
	:	(-.0025)
40# BLOCKS	:	\$1.1775 - 1.2250 (NOMINAL)
	:	(-\$.0125) (.0100)
() Change from previous week. * If steel, barrel returned.		

WEST

Prices increased for the first time in five weeks for natural and process cheese. The increase, however, may be short lived as prices at the CME cash market may be softening again. Swiss cheese prices moved lower to try and keep sales activity at decent levels as production is heavier and stocks are building at some locations. Cheese production, overall, during this past holiday weekend was extremely heavy at most locations. All of the surplus milk was not handled very well. Some may have been lost and some had to travel over three states to eventually find a home of last resort. Not much relief is expected in the short run as schools close for the summer recess, freeing up more surplus milk. Demand for process cheese is slowing now and contacts are not surprised at the weakness seen this week at the CME. Current block interest is only listed as fair at best. Stocks are accumulating at many locations. Mozzarella sales are slow with offerings increasing. Most comments center around the market being lackluster, at best.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3200-1.5800
Cheddar 40# Block	:	1.3200-1.4600
Cheddar 10# Cuts	:	1.5000-1.7200
Monterey Jack 10#	:	1.5100-1.6750
Grade A Swiss Cuts 6 - 9#	:	2.3300-2.5000

FOREIGN

Prices are steady to higher, but the market tone is seasonally weak. Demand for most imported and/or foreign type cheeses is slow to fair. This is a typical pattern for summer, particularly for table cheeses. Reports indicate that the EU has increased export refund (subsidies) on most cheeses, except to the U.S., by 15%. European cheese prices have been on a downward slide for most of this year as demand is not keeping pace with production.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.5650-3.0550*
Gorgonzola	: 3.2400-5.9400	: 2.0650-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9800-3.0350*
Romano (Italy)	: 2.1000-3.1500	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5675-1.7925*
Romano (Cows Milk)	: -0-	: 2.7575-4.9375*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.6000-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.8900	: -0-
Gouda, Large	: 2.3900-2.6500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-
* = Price change.		

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
05/27/02	63,666	136,246
05/01/02	52,956	126,129
CHANGE	10,710	10,117
% CHANGE	20	8

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	198	0	109	0	160
SOUTHEAST STATES	0	0	0	0	0	0

Memorial Day weekend brought more milk than most contacts had seen for several years. Most manufacturing plants from North to South were full and a few had to turn away milk. Milk production continues to increase in parts of the Southeast and Middle Atlantic areas as temperatures have been relatively cool. In the Northeast, the milk flow is near peak levels, but the wet cool weather has delayed cows being turned out to pasture or fed green chop. Alfalfa and/or pasture grass has not grown as quickly as expected due to the long, cold spring. Normally, first cutting hay is "down" by Memorial Day weekend. This year, field crop plantings are behind schedule and farmers are getting that done before turning their attention to making hay. Bottled milk sales are sluggish throughout the region. More schools are now on summer break. Some Florida schools are still in session, but most Southeastern schools are done for the school year. In the Northeast, schools have another 2-3 weeks before closing. Memorial Day marks the beginning of the "summer season" along the Eastern Shore. Bottled milk sales into that area did not show significant improvement prior to or during the holiday weekend. Florida handlers shipped nearly 200 loads out of state to manufacturing plants. This number is a significant jump from past weeks and may increase next week if trucks can be found to haul it north. In the Northeast, manufacturing plants are also full. Contacts are reporting that the holiday weekend did cause a few problems, but everyone worked together and the milk got cleared. Some plants were still trying to get caught up at midweek, but this is typical for a post-holiday week. The condensed skim market is little changed. Demand is slow to fair, but improved after the weekend as users who were down are back on line. Prices are steady. The fluid cream market is improved. Holiday volumes were heavy. Excess cream did clear to churns, but volumes were not quite as heavy as anticipated and not as much moved to Midwest churns. Demand from ice cream makers, cream cheese producers, and bottlers did improve early this week. Actually, suppliers have commented that cream was a little "snug" at midweek, but they did have late-week loads still looking for a home. Spot prices are about 7-8 cents lower as last week's CME average price fell nearly six cents. In light of the improved midweek buying interest, multiples did move higher at the low end of the range.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3000-1.3832
DELIVERED EQUIVALENT ATLANTA	-	1.2688-1.3832 M 1.2688-1.2896
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2896-1.3728

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9200-1.0250
NORTHEAST- CLASS III - SPOT PRICES	- .7500-.9600

M I D W E S T

Class I demand is steady to lighter as additional schools close for the summer. For some bottlers, school account activity lasts for another week or two while others are already completed. Retail movement is generally steady at month end levels. Manufacturing milk interest is weak as some plant operators are reluctant to spend more money to increase inventories further. It appears that handling the extra milk over the holiday weekend went fairly well and many plants were back on normal schedules on Tuesday. Spot manufacturing milk prices reported sold range from -\$0.25 to -\$1.00. Offers to purchase milk at lower prices were noted though no sales were reported. A plant chemical problem closed another plant for over a day backing up some volumes. Cream interest has rebounded after the long holiday weekend though some loads still need to be cleared to churns. Ice cream production and demand is improving as temperatures finally turn seasonal with daily highs occasionally reaching into the 80's. Whipping cream and cottage cheese production is steady. Current milk intakes may have peaked for more plants but overall, intakes are relatively steady with recent weeks. While temperatures have increased, heat/humidity stress and relatively light insect pressure are not yet adversely affecting cows. Planting continues to lag,

particularly in states such as Indiana, Missouri, and Ohio. More cornfields can be rowed and some soybeans have emerged. Additional acreages of haylage/hay have been cut and some land already tilled and replanted after harvest. Recent showers have provided the moisture for the seed to germinate. Pasture and grass growth is generally good, providing grazers ample feedstuff.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 41.00- 45.50	\$ 44.00- 48.00
REPLACEMENT HEIFER CALVES	\$550.00-690.00	\$370.00-480.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 23 - 29	PREVIOUS YEAR
SLAUGHTER COWS	\$ 42.00- 46.75	\$ 43.00- 53.00

W E S T

U.S. HAY STOCKS on May 1 were 22.5 million tons, up 6.6% from last year. However, these stocks are down 21.9% from May 1, 2000, a decline of 6.3 million tons. Stocks in the ten Western states surveyed totaled 2.8 million pounds, up 40.2% from the same period one year earlier. The level was 18.3% below two years earlier. Milk production was strong over the holiday weekend across most of the SOUTHWEST. April 2002 pool receipts of milk in CALIFORNIA total 2.943 billion pounds, 5.8% higher than a year prior. The April blend price, at a fat test of 3.65%, is \$11.41, \$0.10 lower than March and \$2.48 lower than April 2001. The percentage of receipts used in Class 1 products is 18.42%. The April quota price is \$12.40 and the over quota price is \$10.70. These prices are \$0.03 above March but \$2.25 lower than a year earlier. Cumulative 2002 pool receipts through April are 5.6% higher than a year ago. California output remains heavy at levels 4 to 6% higher than a year ago being noted by processors. Plants were running full and balancing plants were also running extended schedules to process incoming milk over the holiday weekend. Outside milk was also being processed where there was room. Some cheese plants were offering out milk to avoid making cheese that there were no orders for on the books. However, there is not a lot of demand for extra milk in the state. Weather conditions were heating up in the south, but not impacting milk output a great deal. Central Valley conditions are trending higher, but also not a factor on milk production. In the north, conditions are good for milk cows and output is increasing. ARIZONA milk production is trending slightly lower from the seasonal peak, but holding up better than expectations. Temperature levels have been the milk cows' friend this year so far. Plants were able to process milk supplies over the holiday. NEW MEXICO milk production remains strong. Conditions are mostly favorable for milk cows. New crop hay is being harvest throughout the state with first cutting finishing in the south while starting in the north. Milk production remains very heavy in the PACIFIC NORTHWEST. Schools will be closing over the next 2-3 weeks for the summer recess, which will put additional supplies of milk into manufacturing channels. Surplus milk over the past holiday weekend was handled fairly well in the region. New crop hay is being delivered to dairies around \$120-140/ton. The quality looks good and yields are average. Some of the first cutting does have light rain damage and is being discounted accordingly. Export interest for the top end first cutting is strong. The harvest is about three weeks later than normal. This has some hay growers concerned about the possibility of losing a cutting at the fall end of the harvest season. Pastures in the region are rated as good for this time of year. Corn for silage is up about 3-4 inches and generally looks good. Weather conditions are finally warming up in NORTHERN UTAH and SOUTHERN IDAHO. Temperatures in the 80's are pushing crops along. Water concerns for later in the year continue. Some hay harvesting is taking place. Yields are quite variable with some near average, but others are down as much as one third. Quality is being rated as fair. Milk output is increasing slowly this spring, however some problems were noted with surplus milk over the holiday weekend. Some milk may have been lost or not handled efficiently at plants leading to some future quality concerns. Some milk was also shipped across three states to find a willing buyer to handle the excess milk. Many contacts were surprised at the problems that did develop even without a plant breakdown. Markets for CREAM were subdued by the holiday and some distress loads were moved at discounts to current overages and multiples. Slow demand from ice cream producers is still noted. The butter market has leveled out around the \$1.03 to \$1.04 level. Heavy volumes of cream cleared to the churns over the weekend. Western multiples are unchanged, ranging from 103 to 121 range, F.O.B.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are generally unchanged. Heavier movement into the CCC is being reported with producers requesting an equivalent price of 90 cents on a spot basis. Discounts are available on multiple load shipments. Production of low heat is generally higher due to an influx of milk over the holiday weekend. Most facilities are operating near capacity with milk volumes reported as manageable. Interest is best from cheese, ice cream and brokerage facilities. High heat trading is generally contractual for the light demand.

EAST: Prices and the market tone are steady. According to most contacts, this past Memorial Day weekend provided them with more milk than they had seen in many years. Dryers were operating at capacity and some were still getting caught up at midweek. Overall, demand for NDM is seldom better than fair, but some producers do note that they are getting more inquiries. Users are still concerned about the possibility of a tilt and purchases are often just for replacement volumes. Also, with the glut of NDM that is in the marketplace, there really isn't a need or incentive to buy too far ahead. As long as CCC continues to buy heavy volumes of NDM, most buyers are not going to be eager to pay much more than \$.90 for any powder they buy. There doesn't seem to be a shortage of powder available commercially at or near that figure.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8900 - .9525 MOSTLY: .8900 - .9000

HIGH HEAT: .9300 - 1.0000

NONFAT DRY MILK - WEST

Nonfat dry milk markets remain weak in the West. Pricing levels are unchanged and reflect heavily around the support price. Demand is light from trade sources and heavy, weekly offerings continue to the CCC to help producers keep inventories closer to balance. Production schedules were higher over the weekend and into midweek to help process the heavy milk supplies and surplus milk offerings. Milk was moved long distances to find processing capacity. During the week of May 20 - 24, adjusted support program purchases totaled 18,283,965 pounds of NDM with 11,965,423 pounds from the West. Western high heat prices are unchanged in light trading. Buyers are most often taking minimal volumes in the spot market. Drying is limited because of the increased milk throughput and need to process additional milk.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8700 - .9600 MOSTLY: .8900 - .9000

HIGH HEAT: .9150 - .9500

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 24	\$.8994	14,618,583	10,687,990
May 17	\$.8983	16,296,663	11,388,337

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a mostly steady market. Trading remains nominal. Due to heavier milk volumes over the holiday, higher churn activity is being reported along with increased buttermilk production. Some condensed buttermilk is readily clearing into ice cream facilities. However, increasing supplies of condensed buttermilk are also being diverted to dryers, adding to heavy inventories. Producers continue to speculate on the commencement of seasonal ice cream production. Off grade supplies are available for the light interest.

F.O.B. CENTRAL: .8000 - .9000

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady and the market tone remains weak. Eastern prices are nominal. Spot interest remains limited and there are growing stocks at producing plants. Also, inventories of off grade powder are growing and there is little demand for this product at this time. Churning activity is heavy, but demand for Class II cream is starting to improve. Also, as the ice cream makers start to increase output for anticipated summer needs, condensed buttermilk sales are picking up. Producers have had to make time available to dry buttermilk. The volumes of skim to dry have kept most dryers at capacity since late last week.

F.O.B. NORTHEAST: .7800 - .8500

DELVD SOUTHEAST: .8000 - .8800

DRY BUTTERMILK - WEST

Western dry buttermilk prices continue to trend lower and the market remains weak. Buying interest was subdued over the holiday weekend and has been slow to recover this week. Some contacts are having more demand from ice cream producers, but others are seeing very slow sales. Pricing levels do not seem to matter as buyers remain on the sidelines. Production was higher to process solids as condensed orders dropped. Stocks are readily available from most sources in the region.

F.O.B. WEST: .8100 - .8600 MOSTLY: .8300 - .8400

DRY WHOLE MILK - NATIONAL

Prices are steady to lower within the range and nominal. The market tone is unchanged. Spot demand is sluggish and output is geared to meet contracts. Producer stocks are light and closely balanced.

F.O.B. PRODUCING PLANT: 1.1400 - 1.2000

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH MAY 24, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK — 68,201 MT (150,355,925 LBS)
This program-year's allocation is filled.

CHEESE — 3,030 MT (6,679,938 LBS)
This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk — 68,201 MT; Cheese — 3,030 MT; Butterfat — 21,097 MT.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged on a weak market. Trading is light. Buyers and sellers appear to be at an impasse. While stocks are heavy, sellers are hesitant to discount yet buyers are resistant to current pricing. Export movement is light, especially with the extra cost required in moving product to coastal areas. Offerings to the feed industry are heavy with most feed facilities operating on a hand to mouth basis. Inquiries from chocolate manufacturers are noted as some locations consider additional loads for the expected fall holiday demands. Production is steady to higher due to the heavier milk volumes diverted into cheese facilities over the holiday weekend. Some condensed whey is reported as "distressed" and offered into processing facilities without cost.

F.O.B. CENTRAL: .1600 - .1650 MOSTLY: .1600 - .1650

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are fractionally lower and the market tone remains weak. There is little change in the dry whey market. Eastern producers are fairly well balanced, but most do have spot loads available. However, few are discounting prices to move more product. Resellers are getting their contracts from producers, but some are having difficulty reselling spot loads. Reportedly, Midwestern producers continue to be in a long supply situation. Buyers are not showing too much interest, but some traders have commented that prices really can't get too much lower. Prices haven't been this low for this long since early 1993. Surplus milk volumes are heavy and expected to remain that way through June and maybe into July. Some cheese plants increased output an extra day during the holiday weekend to help out with milk disposition.

F.O.B. NORTHEAST:	EXTRA GRADE	.1625 - .1675
	USPH GRADE A	.1775 - .1900
DELVD SOUTHEAST:		.1825 - .1950

DRY WHEY - WEST

Western whey inventories continue to be a problem at many producer locations. Sales activity is not robust enough to keep stocks from growing with the heavy production currently occurring. Output was very heavy over the holiday weekend and expected to remain so through the end of the school year. Prices range from steady to fractionally lower. Competition in export channels is increasing. Domestic sales are fair at best with buyers waiting for a signal that a bottom has been put in the market before they consider an increasing order strategy.

NONHYGROSCOPIC: .1500 - .1725 MOSTLY: .1600 - .1700

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to lower. Milk replacer supplies are light and offerings are nominal. As Extra Grade prices continue to decline, buyers are requesting lower prices for milk replacer and roller ground. Some export movement is noted on roller ground. Delactose prices are lower but not yet in line with the WPC market. Some producers are forewarning buyers that if delactose prices move in line with WPC, they should expect the same price correlation in a firm market. Supplies are in balance to instances long depending on whether buyer pick up delays are at issue. April veal production totaled 16.1 million pounds, 6% above April a year ago. April pork production totaled 1.67 billion pounds, up 9% from the previous year and a new record high for April. The North Central veal trade is steady while the early weaned pig market is trending weak.

F.O.B. CENTRAL:	
MILK REPLACER:	.1350 - .1550
ROLLER GROUND:	.1525 - .1900
DELACTOSE (Min. 20% protein):	.3500 - .3650

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a weak market. Trading is light due to the shorter work week and lackluster demand. Spot movement for WPC 34% is generally occurring into feed facilities where buyers are tending to operate on a hand to mouth basis. Some renewed edible interest is reported. Export demand is light as NDM is often a more attractively priced substitute to WPC 34%. Some domestic and foreign sourced WPC and MPC remain competitive with WPC 34% into feed operations. Production is unchanged to higher due to heavier milk intakes at some cheese facilities over the holiday weekend. Stocks are in balance to heavy and often difficult to clear. Some condensed WPC supplies are trading at substantial discounts. Off grade supplies are available for the light interest at prices below the range.

F.O.B. EXTRA GRADE 34% PROTEIN: .4775 - .5300 MOSTLY: .4775 - .5175

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a weak market. Most spot trading for the lower mesh sizes is occurring at the lower end of the range. Higher mesh spot trades are trending at the average while contracts for the current quarter are noted at the higher price levels. Production is steady to heavier in light of increased milk intakes at cheese plants over the holiday weekend. Stocks are burdensome at some locations. Discounts are available on multiple load shipments. Demand is slow. Whey and permeate are a competitive substitutes into some domestic and export feed operations. However, movement of dry dairy products into feed facilities appears to be generally lower than expected for this time of year. Off grade supplies are available. Buyers are bidding well below the bottom of the range and meeting seller resistance.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2625 MOSTLY: .1600 - .2000

CASEIN - NATIONAL

Prices are unchanged for both casein types following declines last week. The market tone remains on the weak side. Supplies are available from normal marketing partners and pricing levels remain more negotiable than in recent months. The availability of alternate and often lower priced protein supplies in the world market is one of the main factors in the weakness of the current casein market. The Commodity Credit Corporation (CCC) made an announcement last week that invites competitive offers, subject to the terms and conditions of Announcement RSCS1, to buy from CCC an undetermined quantity of NDM packed in 25-Kg. bags. Offers are due by 11:00 A.M. CDT, June 10, 2002 with a public release of awards issued 4:00 P.M. CDT, June 14, 2002. For further information, contact the USDA, FSA, Dairy Procurement and Inventory Branch, 816-926-6620. The extent of industry involvement in this program is currently unknown and being evaluated by potential, capable participants.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.1500 - 2.2500
ACID:	1.8000 - 2.1000

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. The market remains highly competitive as producers try to gain or maintain market share. Production levels are heavy as milk supplies reach burdensome proportions. With all the surplus milk (much priced below Class), producers are taking this opportunity to build inventories. Demand for evaporated milk remains slow to fair. The Kansas City Commodity Office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 720 for delivery July - September 2002. The award is for 3,708,720 pounds at prices ranging \$0.4119-\$0.4559 per pound.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, JUNE 2002, WITH COMPARISONS 1/												
CITY	JUN 2000			JUN 2001			MAY 2002			JUN 2002		
	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence	Coop.	Federal Order	Differ-ence
	Dollars Per Hundredweight											
Atlanta, GA	16.13	14.80	1.33	18.72	18.09	0.63	16.29	14.36	1.93	16.06	14.13	1.93
Baltimore, MD	16.25	14.70	1.55	19.74	17.99	1.75	16.01	14.26	1.75	15.78	14.03	1.75
Boston, MA	15.43	14.95	0.48	19.14	18.24	0.90	16.11	14.51	1.60	15.88	14.28	1.60
Carbondale, IL	15.61	13.90	1.71	18.90	17.19	1.71	2/	2/	2/	2/	2/	2/
Charlotte, NC	16.13	14.80	1.33	18.72	18.09	0.63	16.29	14.36	1.93	16.06	14.13	1.93
Chicago, IL	15.17	13.50	1.67	18.58	16.79	1.79	14.95	13.06	1.89	14.89	12.83	2.06
Cincinnati, OH	15.60	13.90	1.70	18.92	17.19	1.73	15.07*	13.46	1.61*	14.84	13.23	1.61
Cleveland, OH	15.30	13.70	1.60	18.72	16.99	1.73	14.87*	13.26	1.61*	14.64	13.03	1.61
Dallas, TX	15.50	14.70	0.80	17.99	17.99	0.00	15.86	14.26	1.60	15.86	14.03	1.83
Denver, CO	14.90	14.25	0.65	18.24	17.54	0.70	14.66	13.81	0.85	14.43	13.58	0.85
Des Moines, IA	14.69	13.50	1.19	18.00	16.79	1.21	14.42	13.06	1.36	14.20	12.83	1.37
Detroit, MI	14.53	13.50	1.03	17.79	16.79	1.00	14.31	13.06	1.25	14.08	12.83	1.25
Hartford, CT	15.33	14.85	0.48	19.04	18.14	0.90	16.01	14.41	1.60	15.78	14.18	1.60
Houston, TX	16.10	15.30	0.80	18.59	18.59	0.00	16.46	14.86	1.60	16.46	14.63	1.83
Indianapolis, IN	15.40	13.70	1.70	18.72	16.99	1.73	14.87*	13.26	1.61*	14.64	13.03	1.61
Kansas City, MO	14.89	13.70	1.19	17.95	16.99	0.96	15.00	13.26	1.74	14.79	13.03	1.76
Louisville, KY	14.85	13.90	0.95	18.19	17.19	1.00	14.56	13.46	1.10	14.33	13.23	1.10
Memphis, TN	15.58	14.50	1.08	18.12	17.79	0.33	15.79	14.06	1.73	15.56	13.83	1.73
Miami, FL	18.64	16.00	2.64	21.23	19.29	1.94	18.80	15.56	3.24	18.57	15.33	3.24
Milwaukee, WI	15.12	13.45	1.67	18.68	16.74	1.94	15.05	13.01	2.04	14.99	12.78	2.21
Minneapolis, MN	14.47	13.40	1.07	18.04	16.69	1.35	14.56	12.96	1.60	14.34	12.73	1.61
New Orleans, LA	16.28	15.30	0.98	18.77	18.59	0.18	16.44	14.86	1.58	16.21	14.63	1.58
Oklahoma City, OK	15.35	14.30	1.05	18.39	17.59	0.80	15.50	13.86	1.64	15.28	13.63	1.65
Omaha, NE	14.69	13.55	1.14	18.05	16.84	1.21	14.47	13.11	1.36	14.25	12.88	1.37
Philadelphia, PA	16.42	14.75	1.67	19.91	18.04	1.87	16.18	14.31	1.87	15.95	14.08	1.87
Phoenix, AZ	14.65	14.05	0.60	17.49	17.34	0.15	13.76	13.61	0.15	13.53	13.38	0.15
Pittsburgh, PA	15.10	13.80	1.30	19.29	17.09	2.20	15.36*	13.36	2.00*	15.13	13.13	2.00
St. Louis, MO	15.41	13.70	1.71	18.70	16.99	1.71	14.51	13.26	1.25	14.28	13.03	1.25
Salt Lake City, UT	13.85	13.60	0.25	17.14	16.89	0.25	13.46	13.16	0.30	13.23	12.93	0.30
Seattle, WA	14.08	13.60	0.48	17.31	16.89	0.42	13.58	13.16	0.42	13.35	12.93	0.42
Spokane, WA	14.08	13.60	0.48	17.31	16.89	0.42	13.58	13.16	0.42	13.35	12.93	0.42
Springfield, MO	14.95	13.90	1.05	17.99	17.19	0.80	15.10	13.46	1.64	14.88	13.23	1.65
Washington, DC	16.25	14.70	1.55	19.74	17.99	1.75	16.01	14.26	1.75	15.78	14.03	1.75
Simple Average	15.36	14.18	1.18	18.55	17.47	1.08	15.25*	13.75	1.50*	15.04	13.52	1.52

* Revised. The data for January-April also have been revised. In each case, the city Coop. Class I price was reduced by \$0.20. The new Simple Average Coop. Class I prices are: Jan. \$15.71; Feb. \$15.76; Mar. \$15.47; and Apr. \$15.38.

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers. 2/ The price series for this city has been discontinued.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
FEB 2002	175.9	2.7	170.1	4.0	164.6	0.7	171.3	4.6	169.9	9.7	161.8	1.4
MAR 2002	176.1	2.6	169.4	3.8	165.1	3.3	170.2	3.8	163.4	7.3	162.8	1.7
APR 2002	176.2	2.5	168.7	3.2	163.1	0.5	171.3	5.5	166.2	7.4	162.5	1.1
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Dollars											
FEBRUARY	2.807	2.847	2.571	2.672	3.284	2.979	3.869	3.693	4.180	3.862	3.810	3.609
MARCH	2.816	2.760	2.585	2.677	3.060	2.970	3.885	3.723	4.162	3.846	3.819	3.660
APRIL	2.779	2.845	2.590	2.652	3.196	3.009	3.930	3.738	4.107	3.883	3.723	3.651

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—JANUARY-MARCH 2001-02 AND ANNUAL 2000-01 ^{1/}

Item	Jan.-Mar. 2001	Percent change ^{2/}	Jan.-Mar. 2002	Percent change ^{2/}	Jan.-Dec. 2000	Percent change ^{2/}	Jan.-Dec. 2001	Percent change ^{2/}
	Million Pounds							
<u>MILK</u>								
Production	41,267	-3.2	42,464	2.9	167,559	2.7	165,336	-1.0
Marketings	40,955	-3.2	42,162	2.9	166,246	2.7	164,072	-1.0
Beginning Commercial Stocks ^{3/}	6,839	11.3	7,041	3.0	6,143	16.5	6,839	11.3
Imports ^{3/}	1,124	18.1	1,197	6.5	4,446	-6.8	5,717	28.6
Total Supply ^{4/}	48,918	-1.0	50,400	3.0	176,845	2.9	176,628	0.1
Ending Commercial Stocks ^{3/}	8,407	-10.0	9,612	14.3	6,871	11.9	7,041	2.5
Net Removals ^{3/}	67	-75.5	68	1.5	841	145.2	153	-81.8
Commercial Disappearance ^{4/}	40,444	1.7	40,720	0.7	169,133	2.3	169,434	0.4
<u>SELECTED PRODUCTS ^{5/}</u>								
Butter	288.9	-2.1	316.4	9.5	1,280.4	-2.6	1,280.4	0.3
American Cheese	903.1	4.7	878.9	-2.7	3,595.3	1.2	3,655.9	2.0
Other Cheese	1,190.4	4.9	1,200.5	0.8	4,959.7	5.9	4,952.3	0.1
Nonfat Dry Milk	196.9	17.6	146.2	-25.7	771.0	4.4	948.4	23.3
Fluid Milk Products ^{6/}	14,010.6	0.4	13,844.7	-1.2	55,516.7	-0.6	55,097.2	-0.5

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds.

^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JANUARY AND FEBRUARY 2002**

In January 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$13.34 per cwt., \$0.13 more than the figure for the previous month. On an individual reporting area basis, mailbox prices increased in all areas except Idaho, Illinois, and Northwest States, and ranged from \$15.81 in Florida to \$12.34 in Idaho. In January 2001, the Federal milk order all-area average mailbox price was \$12.97, \$0.37 lower.

In February 2002, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$12.91 per cwt., \$43 less than the figure for the previous month. On an individual reporting area basis, mailbox prices decreased in all areas, and ranged from \$15.34 in Florida to \$11.77 in Idaho. In February 2001, the Federal milk order all-area average mailbox price also was \$12.91.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	December 2001	January 2002	February 2002
	Dollars per hundredweight		
Northeast Federal Milk Order	13.06	13.24	12.91
Appalachian States <u>3/</u>	13.57	13.83	13.37
Southeast States <u>4/</u>	13.88	14.09	13.57
Florida	15.74	15.81	15.34
Ohio	13.25	13.45	12.92
Michigan	13.04	13.26	12.79
Wisconsin	13.47	13.57	13.12
Minnesota	13.46	13.50	12.75
Illinois	13.36	13.22	13.07
Northern Missouri <u>5/</u>	13.21	13.45	12.94
Southern Missouri <u>6/</u>	12.70	13.09	12.46
Corn Belt States <u>7/</u>	13.06	13.12	12.71
Western Texas <u>8/</u>	13.27	13.48	13.10
New Mexico	12.52	12.60	12.18
Idaho	12.34	12.34	11.77
Utah	12.39	12.41	11.99
Northwest States <u>9/</u>	12.85	12.81	12.44
All Federal Order Areas <u>10/</u>	13.21	13.34	12.91
California <u>11/</u>	12.33	12.48	11.73

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ All counties to the north of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry. 6/ The counties listed in 5/ and all those to the south of these. 7/ Includes Iowa, Kansas, and Nebraska. 8/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 9/ Includes Oregon and Washington. 10/ Weighted average of the information for all selected reporting areas in Federal milk orders. 11/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 27 - 31, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 5/24/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	-0-	3,999,600	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	22,517,851	-0-	22,517,851	451,276,412	309,539,307	1,021,585,000	541,856,000
Fortified	-0-	-0-	-0-	-0-	28,051,923	46,391,000	38,128,000
TOTAL	22,517,851	-0-	22,517,851	451,276,412	337,591,230	1,067,976,000	579,984,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 27 - 31, 2002 =	5.0	262.1	COMPARABLE PERIOD IN 2001 =	1.8	92.7
CUMULATIVE SINCE OCTOBER 1, 2001 =	99.3	5,251.9	CUMULATIVE SAME PERIOD LAST YEAR =	176.5	4,039.2
CUMULATIVE JANUARY 1 - MAY 31, 2002 =	82.3	4,375.0	COMPARABLE CALENDAR YEAR 2001 =	60.0	2,556.6

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 27 - 31, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	2,073,773	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	18,412,817	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	2,031,261	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	-0-	5,995,440	22,841,675	3,502,074	5.1	31.8
WEST	-0-	-0-	-0-	5,039,919	395,787,315	334,089,156	87.7	68.0
EAST	-0-	-0-	-0-	39,600	32,647,422	-0-	7.2	0.2
TOTAL	-0-	-0-	-0-	11,074,959	451,276,412	337,591,230	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/11/02 & Comparable Week 2001

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2002-Dairy	0.2	0.7	5.6	5.2	16.8	1.9	0.5	0.7	10.6	2.4	44.4	937.1
2001-Dairy	0.2	0.7	5.1	4.9	19.6	2.3	1.4	0.8	10.0	2.2	47.2	1,020.4
2002-All cows	0.2	0.8	7.5	12.6	26.0	13.9	15.5	3.2	13.9	5.3	98.9	1,987.9
2001-All cows	0.2	0.8	6.9	15.6	28.2	13.1	17.8	4.9	13.0	5.9	106.5	2,096.1

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03						
II	12.69	12.28	12.19	11.88								
III	11.87	11.63	10.65	10.85								
IV	11.93	11.54	11.42	11.09								

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm